

VZCZCXRO6841
PP RUEHDE
DE RUEHJI #0437/01 1820730
ZNR UUUUU ZZH
P 010730Z JUL 06
FM AMCONSUL JEDDAH
TO RUEHC/SECSTATE WASHDC PRIORITY 9264
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE PRIORITY
RUEHLO/AMEMBASSY LONDON PRIORITY 1429
RUEHFR/AMEMBASSY PARIS PRIORITY 1507
RUEHRH/AMEMBASSY RIYADH PRIORITY 6593
RUEAIIA/CIA WASHDC PRIORITY
RUEKJCS/DIA WASHDC PRIORITY
RHEHAAA/NSC WASHDC PRIORITY

UNCLAS SECTION 01 OF 03 JEDDAH 000437

SIPDIS

SIPDIS

RIYADH, PLEASE PASS TO DHAHRAN; DEPARTMENT FOR NEA/ARP;
PARIS FOR ZEYA; LONDON FOR TSOU

E.O. 12958: N/A

TAGS: [ECON](#) [KISL](#) [PREL](#) [SA](#)

SUBJECT: JEDDAH MAYOR PRESENTS DEVELOPMENT PLANS; CONSUL
GENERAL MAKES BID FOR MUNICIPAL ASSISTANCE IN SEARCH FOR
NEW CONSULATE SITE

REF: JEDDAH 269

¶1. SUMMARY: On June 19, the Consul General, Pol/Econ Chief, Commercial Officer, PolOff and EconOff attended the June General Meeting of the American Businessmen of Jeddah (ABJ). The keynote speaker was Mayor of Jeddah, Adel Fakeih who described the city's ambitious new redevelopment plan to transform Jeddah into a modern, efficient and prosperous "world-class" city. After the meeting, the CG spoke with the mayor about the mission's arduous search for a site to build a new consulate compound. The CG enlisted the mayor's support for solving a title dispute involving one potential site. END SUMMARY.

JEDDAH: WORLD-CLASS CITY OF THE FUTURE

¶2. The CG and a number of Consulate staff attended the June 19 meeting of the ABJ. Due to the oppressive heat of summer which drives most well-to-do Jeddawis from the country, this was the final meeting of the ABJ year. As is traditional at this meeting, a high-profile speaker appeared, in this case Jeddah's Mayor Adel M. Fakieh. In his speech, "The Jeddah Plan and Future Investment Opportunities," Mayor Fakeih offered a guided tour of the grandiose Municipal Plan to redevelop Jeddah and create a "world-class" city. The plan was developed with the assistance of international consultants and advisors. The description of the Jeddah Plan, illustrated by dramatic renderings of a cityscape that could rival Dubai or Singapore, placed a heavy emphasis on infrastructure, planned construction, and economic and technological development.

INFRASTRUCTURE IMPROVEMENTS KEY TO FUTURE PLANS

¶3. Anyone who has endured the increasingly heavy and disorderly traffic plaguing Jeddah can only applaud the municipal plan's comprehensive, integrated transportation system. The plan envisions drastic revision to traffic patterns by rerouting a number of major traffic arteries, development of a modern public transit system, and interconnection with a regional transportation network, including the proposed Mecca-Medina Rail link and Landbridge which would connect Jeddah with the proposed national rail network. Note: Considering the frequent, unanswered complaints about the atrocious state of many of Jeddah's roads, one must wish them quick success, but could be excused for harboring some skepticism. End Note.

¶4. One questioner in the audience raised the issue of water and sanitation in Jeddah which have been reported on before (reftel). The Mayor assured the audience that this problem was being addressed in the current budget in cooperation with the national authorities, and would be solved at the conclusion of the current five-year plan. He noted that thanks to the acceleration of capital investment programs permitted by increased oil revenues, the entire five-year plan to develop a modern, safe water and sanitation system had been completely funded to the projected total of SR 7 billion. He also announced that all contracts associated with the water and sanitation plan would be awarded by the end of this year.

¶5. A substantial portion of the real estate in Jeddah is owned by the municipality. Under the proposed plan, substantial development will be concentrated in north Jeddah in the vicinity of the now developing Obhur Creek region, the area surrounding the old Jeddah airport, and several areas located between the Old City and the current location of the U.S. Consulate General. Significant portions of the Corniche, particularly near the Lagoon and the Islamic Seaport, also are slated for redevelopment.

ZONING WILL ENSURE ECONOMIC VIABILITY AND CONSERVATION

¶6. The city plans to use zoning regulations to ensure that economic activity in expensive commercial sections will "increase the value to the city," by transferring economic benefit to areas where development will be restricted, such as the Balad, the Old City of Jeddah. As described by the mayor, the city is exploring ideas such as trading height credits, whereby a developer desiring to build a high-rise

JEDDAH 00000437 002 OF 003

building on the exclusive Corniche would have to buy the height rights from an area such as the Old City, thus maintaining the economic viability of the historic small buildings in the Old City in the middle of a modern commercial metropolis.

PUBLIC PRIVATE PARTNERSHIPS AND TRANSPARENCY

¶7. The mayor explained that much of the development will be carried out by public-private partnerships, which will be open to international investors and participants. During the speech, he announced that within the next two or three months the Jeddah Development Commission would be established to enter into a "dialogue with businesses interested" in participating in the project. These partnerships are also viewed as a method of circumscribing what he candidly characterized as an ineffectual, unresponsive and corrupt bureaucracy. COMMENT: While methods to overcome bureaucratic obstacles are to be welcomed, the actual operation of these organizations should be carefully scrutinized in a land long known for "wasta" (the exercise of influence, kickbacks, sweetheart deals, and silent partners) to ensure that the operations are genuinely transparent. END COMMENT.

FARTHER IN THE FUTURE: TRANSFORMATION OF GOVERNMENT AND MEGAPROJECTS

¶8. In the more distant future the Mayor also envisions the transformation of the physical city being accompanied by a transformation of the city's operations. He hopes to incorporate technology into municipal activities and inaugurate e-government. He also referred to the possibility of additional projects in the vicinity of Jeddah. He described the recently inaugurated expansion plans for King AbdulAziz International Airport and hinted at a "megaproject" north of Jeddah. Since King Abdullah Economic City, planned for Rabigh, has been publicized extensively during the past year, it is presumed that this statement refers to some as yet unannounced project that the ambitious Saudi government is considering as an investment for their ever growing

petroleum revenues.

BEST LAID PLANS: WHAT WILL THE PUBLIC SAY?

¶9. Substantial time and money have been expended in developing these elaborate plans. The opinions of the powerful business community and the appropriate government entities have been combined with the assistance of international consultants and planners. What is uncertain is how the public will accept this plan which will inevitably displace thousands of them from their homes and businesses in the core areas of the city in order to permit redevelopment. In response to a query from Pol-Econ Chief after the meeting, Mayor Fakeih said that the plan would soon be open to public comment. One must question how much modification could occur in a plan that has already reached such an advanced state.

¶10. COMMENT: Formulation of the Jeddah Plan exposes the distance Saudi Arabia remains from successfully incorporating democratic principles in public policy-making. The appointed mayor, the municipal bureaucrats, the national government, and the influential business interests have shaped this project, with the assistance of international experts. Only in the future, will the general population, who will have to endure its consequences, have an opportunity to offer their opinions. END COMMENT.

THEN THERE IS THE COMPETITION

¶11. One wonders how the promotion of an already thriving Jeddah into a "world-class" commercial center will fare as the proposed King Abdullah Economic City is developed in Rabigh north of Jeddah and future developments announced for Yanbu are also carried out. Can the central west coast of Saudi Arabia support three major commercial centers? Have the many development projects announced for these areas in the past year been coordinated?

CG BRIEFS MAYOR ON NEW CONSULATE GENERAL PLANS

JEDDAH 00000437 003 OF 003

¶12. In a conversation after the Breakfast, the Consul General briefed the Mayor on the ongoing search for a suitable location for construction of a new Consulate General. The CG described the three sites presently under consideration; two in north central Jeddah and one north of Obhur Creek on the northern outskirts of the city. In discussing a title dispute between the municipality and the owners of one parcel under consideration, the CG reminded the mayor of his earlier pledge to do whatever he can to facilitate the Mission's search for a proper site for a new consulate. The CG also informed the mayor of Ambassador Oberwetter's personal concern that this matter be settled expeditiously.

MAYOR'S ROAD TO OFFICE

¶13. (SBU) Fakeih, dressed in traditional Arabic attire, used excellent English peppered with occasional Arabic phrases to deliver a polished PowerPoint presentation of his plan to revitalize Jeddah. He noted that he hopes to use technology to fight corruption and to improve the city's service capabilities. During his speech, he also credited his wife, Maha Fitaihi (a prominent businesswoman and social figure in Jeddah who was seated on the CG's right hand) with encouraging him to take the mayorship as a way to give back to his community. Fakeih said he initially had "shied away" from government posts but was convinced to become Mayor by his wife's continued support and after being personally tapped by Minister of Municipal and Rural Affairs Prince Mitib bin Abd al-Aziz Al Saud. The Mayor also said that while he takes satisfaction in serving Jeddah and not just building business, in the end he still sees himself as a businessman and not a bureaucrat.

BIOGRAPHICAL NOTE

¶14. Fakeih has a bachelor's degree in industrial engineering from King Abdulaziz University in Jeddah. He has been a prominent member of the Jeddah business community for many years. He was chairman of the Savola group, a Jeddah industrial conglomerate specializing in supermarkets and food products, from 1990 to 2003 and then was chairman of the Jeddah Chamber of Commerce and Industry (JCCI) during 2003-2005. He has been active in many civic organizations in Western Saudi Arabia, including serving on the executive boards for the Mecca Area Board, the Supreme Council for Tourism, the Royal Committee for Jubail and Yanbu, the MARAE industrial group, and a prominent development fund. He also has been chairman of the Saudi Arabian Glass Company. Fakeih has 5 children.

Gfoeller